Brønnøysundregistrene

ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2023 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	994 191 632
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	ARCTICZYMES AS
Forretningsadresse:	Forskningsparken Sykehusvegen 23 9019 TROMSØ

Regnskapsår

Årsregnskapets periode:	01.01.2023 - 31.12.2023

Konsern

Morselskap i konsern:	Nei

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Forenklet IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Børge Sørvoll
Dato for fastsettelse av årsregnskapet:	05.04.2024

Grunnlag for avgivelse

År 2023: Årsregnskapet er elektronisk innlevert

År 2022: Tall er hentet fra elektronisk innlevert årsregnskap fra 2023

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 18.06.2025

Resultatregnskap

Beløp i: NOK	Note	2023	2022
RESULTATREGNSKAP			
Inntekter			
Sales revenue	2	118 938 843	136 970 696
Other income	3	711 350	667 084
Sum inntekter		**119 650 193**	**137 637 780**
Kostnader			
Endring i beholdning av varer under tilvirkning og ferdig tilvirkede varer	4	-5 794 724	-196 165
Raw materials and consumables used	4	11 721 139	5 376 133
Personnel expenses	5	56 922 077	50 782 787
Depreciation and amortisation expenses	6, 7, 8	6 339 417	4 688 807
Nedskrivning av varige driftsmidler og immaterielle eiendeler	6, 7		
Other operating expenses	5, 9	27 305 241	22 698 211
Sum kostnader		**96 493 150**	**83 349 773**
Driftsresultat		**23 157 043**	**54 288 007**
Finansinntekter og finanskostnader			
Other financial income		1 309 847	3 576 092
Sum finansinntekter		**1 309 847**	**3 576 092**
Other financial expenses		723 705	495 239
Sum finanskostnader		**723 705**	**495 239**
Netto finans	10	**586 143**	**3 080 853**
Ordinært resultat før skattekostnad		**23 743 186**	**57 368 860**
Income tax expense	11	146 010	451 210
Ordinært resultat etter skattekostnad		**23 597 176**	**56 917 650**
Årsresultat		**23 597 176**	**56 917 650**
Årsresultat etter minoritetsinteresser		**23 597 176**	**56 917 650**
Totalresultat		**23 597 176**	**56 917 650**

Resultatregnskap

Beløp i: NOK	Note	2023	2022
Overføringer og disponeringer			
Konsernbidrag		22 610 050	55 305 894
Other equity		987 126	1 611 756
Sum overføringer og disponeringer		**23 597 176**	**56 917 650**

Balanse

Beløp i: NOK	Note	2023	2022
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Development	6	16 484 651	5 774 936
Patents, licenses and trademarks	6	9 611 637	3 460 757
Utsatt skattefordel	11		
Goodwill	6		
Sum immaterielle eiendeler		**26 096 288**	**9 235 694**
Varige driftsmidler			
Machinery and equipment	7	14 854 765	15 268 728
Lease assets	8	12 314 076	13 643 429
Sum varige driftsmidler		**27 168 841**	**28 912 157**
Sum anleggsmidler		**53 265 129**	**38 147 851**
Omløpsmidler			
Varer			
Sum varer	4	**12 872 839**	**7 078 114**
Fordringer			
Accounts receivables	12, 13	17 059 072	11 592 898
Other assets	13	2 490 214	5 651 171
Sum fordringer	13	**19 549 286**	**17 244 070**
Bankinnskudd, kontanter og lignende			
Cash and cash equivalents	14	25 875 995	76 410 401
Sum bankinnskudd, kontanter og lignende		**25 875 995**	**76 410 401**
Sum omløpsmidler		**58 298 120**	**100 732 585**
SUM EIENDELER		**111 563 248**	**138 880 435**

BALANSE - EGENKAPITAL OG GJELD

Balanse

Beløp i: NOK	Note	2023	2022
Egenkapital			
Innskutt egenkapital			
Share capital	15	10 938 000	10 938 000
Beholdning av egne aksjer	15		
Overkurs		13 357 800	13 357 800
Annen innskutt egenkapital		4 889 753	1 712 509
Sum innskutt egenkapital		**29 185 553**	**26 008 309**
Opptjent egenkapital			
Other equity		28 137 034	27 149 908
Sum opptjent egenkapital		**28 137 034**	**27 149 908**
Sum egenkapital		**57 322 587**	**53 158 217**
Gjeld			
Langsiktig gjeld			
Utsatt skatt	11	487 225	341 215
Sum avsetninger for forpliktelser		**487 225**	**341 215**
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	13		
Langsiktig konserngjeld	13		
Lease liability		8 301 205	10 208 833
Sum annen langsiktig gjeld		**8 301 205**	**10 208 833**
Sum langsiktig gjeld		**8 788 430**	**10 550 048**
Kortsiktig gjeld			
Lease liability		4 357 903	3 554 603
Leverandørgjeld	13		
Tax payable	11		
Kortsiktig konserngjeld		22 610 050	55 305 894
Other current liabilities	13, 16	18 484 278	16 311 673
Sum kortsiktig gjeld	13	**45 452 231**	**75 172 170**
Sum gjeld		**54 240 661**	**85 722 218**
SUM EGENKAPITAL OG GJELD		**111 563 248**	**138 880 435**

Annual report

2023

for

ArcticZymes AS
994 191 632

Subsidiary of ArcticZymes Technologies ASA

ANNUAL REPORT 2023

ARCTICZYMES AS

About the business

ArcticZymes AS is a Norwegian life science company focused on the development, manufacturing, and commercialisation of novel and high-quality recombinant enzymes for use in molecular research, In Vitro Diagnostics (IVD) and biomanufacturing.

The Company is creating value from innovative enzyme technologies which capitalises on more than three decades of world-class research at the Arctic University of Tromsø and in collaboration with other national and international partners to offer niche and high-quality life science products.

ArcticZymes Technologies' products and capabilities are protected via a large portfolio of patents and 20+ years of know-how in innovating and manufacturing enzymes.

ArcticZymes enzymes are primarily derived from cold-water marine species and organisms from other environments. Each enzyme or product offers novel functionality and other benefits to its customers. Products offered include:

- **Salt Active Nucleases (SANs)** – For removal of nucleic acids during manufacturing of viral vectors, recombinant proteins, and other reagents. SANs are also used in relation to Next Generation Sequencing (NGS) and other molecular biology applications. ArcticZymes offers several different SAN enzymes optimised to support development and manufacturing of different viruses (e.g. Adenovirus, Adeno-Associated Virus (AAV) and lentivirus) and other biomanufacturing processes. Furthermore, ELISA immunoassay kits are sold to provide our customers with a detection solution required for use of SAN in manufacturing of advanced therapeutic products.
- **Shrimp Alkaline Phosphatase (SAP)** – For utilisation in clean-up prior to Sanger sequencing and NGS (Next Generation Sequencing) processes. SAP represents the Company's first product which has been sold since 1995. Even today, SAP still represents the "gold standard" utilised for enzymatic clean-up in Sanger Sequencing processes globally.
- **Cod UNG** – For utilisation in viral and other molecular diagnostic assays for the removal of contaminating DNA providing assurance to avoid false positives tests. Cod UNG has been a key enzyme adopted in numerous commercial diagnostic tests by ArcticZymes' customers; especially in infectious disease testing such as in viral load testing of HIV, HCV, influenza and Coronavirus.
- **Double-strand specific DNases (dsDNases) and derived kits** – enable a broad range of applications and manufacturing processes that require the specific removal of double stranded DNA and genomic DNA. dsDNAses are pivotal to RNA based workflows.
- **DNA/RNA polymerases** – enable technology development for life science, MDx (Molecular Diagnostics), NGS and Synthetic biology (i.e., synthesis of artificial DNA and genomes). ArcticZymes offers several Isothermal Polymerases each offering different features which can be exploited for different applications. Furthermore, ArcticZymes has also

Thermostable Polymerase and reverse transcriptase that are commonly used in PCR technologies for infectious disease testing. RNA polymerases are both used in a variety of molecular applications and molecular diagnostic assays as well as a core component in manufacturing of therapeutic RNA.

- **Proteinase** – For breaking down proteins, offering broad application ranging from: i) direct lysis of cells in nucleic acid sample prep (i.e., isolation of DNA/RNA from cells). It enables applications in microbiological diagnostics and liquid biopsies (i.e., DNA/RNA tests using blood, saliva and urine); ii) dissociation of cells in cell therapy applications in combination with other proteolytic enzymes used; iii) RNA therapeutic workflows.
- **Ligases** – For joining nucleic acids. Ligases enable a broad range of molecular biology technologies and applications (e.g., synthetic biology, NGS, molecular diagnostics, DNA/RNA therapeutics) and has a broad utility. To support customers with different requirements, the Company provides ligases with different functionality and specificities.

Furthermore, the Company is developing new enzymes and formulations, second generation enzymes and supportive products based on input and collaboration with its customers.

Markets served

The Company focuses its efforts on providing molecular biology enzymes in two attractive and growing market areas:

- Molecular Tools (Research & Diagnostics)
- Biomanufacturing

Molecular tools (research and diagnostics)
Molecular enzymes are essential tools that are used in molecular biology workflows to perform specific tasks. Such enzymes have common utility in Molecular Research and Molecular Diagnostic (MDx) applications. This includes the entire range of ArcticZymes products and those in the innovation pipeline. Molecular Research and MDx represent highly attractive and growing markets with estimated end-user market values of USD 23.2—30.4 billion (CAGR 5.4%).

Year-on-year sales in Molecular Tools during 2023 were impacted by strong COVID-related sales in Q1 2022. Adjusted for the COVID impact, the Molecular Tools portfolio grew by a healthy 20%. Overall, Molecular Tools achieved a negative 7% annual growth and a contribution of 52% towards total sales during 2023.

Biomanufacturing

ArcticZymes is serving customers with Salt Active Nuclease (SAN) products who are in different stages of therapeutic or vaccine development. The SAN portfolio of enzymes is used for removing non-encapsidated nucleic acid impurities from therapeutic viruses such as Adenovirus, Adeno-Associated Virus (AAV), and Lentivirus. This reduces the risk of adverse effects.

Collectively AAV and Lentivirus represent two-thirds of the vector technologies utilized in the manufacturing of gene therapies. With just 2 enzymes, SAN HQ and M-SAN HQ, the Company can capitalize on the most utilized vector technologies.

ArcticZymes is supplying SAN products directly to more than 170 customers. In addition, ArcticZymes supplies SAN products to further customers via distributors. Most customers are gene therapy-related and represent a mix of academic/hospital laboratories, small/medium biotech companies, contract development manufacturing organizations (CDMOs), and large Pharma. As several gene therapy companies conserved cash in 2023 by pausing or terminating projects, sales directly to CDMOs dropped significantly (-46%). This explains about three-quarters of the drop in year-on-year sales for the Biomanufacturing segment. In 2023, direct sales to pharmaceutical companies comprised about 37.5% of total SAN sales, whereas sales via distributors and OEM channels and sales directly to pharmaceutical CDMOs accounted for 35% and 20% of total sales respectively. The remainder 7.5% of sales were direct sales to academic and hospital accounts, diagnostic companies, pharmaceutical service providers, and non-pharma biotechnology companies.

Either directly or indirectly, ArcticZymes supports at least 7 of the largest pharmaceutical companies with SAN products in viral vaccine and gene therapy developments. Overall, ArcticZymes is leveraging multiple contact points in its business development efforts to attract new business.

ArcticZymes visualizes a greater potential beyond serving viral-based gene therapies and vaccine technologies by expanding its activities and capabilities to target other high-growth markets that require biomanufacturing.

Biomanufacturing experienced an 18% annual decline and contributed 48% toward total sales during 2023. Several factors hurt growth in this sector. Destocking of SAN products occurred during all of 2023 while economic uncertainty depressed company valuations and a tough capital-raising environment required companies to "tighten their belts". Overall lower pharmaceutical production levels and project delays resulted in reduced demand for compounds used to make therapeutics and vaccines as did declining economic and business activity in China. North America represented the largest market with 66% of total SAN sales while Europe contributed 28%. ArcticZymes continues to see good opportunities for further growth in all regions and continues to focus its sales effort on this important segment.

Product portfolio and innovation

ArcticZymes has an ambitious innovation pipeline to broaden its product range. The goal is to be able to provide customers with an extended portfolio of synergistic enzymes within the different markets the Company serves.

- **For Molecular Tools:** ArcticZymes' pipeline innovations are focused on developing products in key enzyme classes currently not on offer to deepen the product range to molecular technologies. Key enzyme classes include DNA/RNA polymerases, reverse transcriptases, DNA/RNA ligases, nucleases and proteinases.

- **For Biomanufacturing:** ArcticZymes has expanded its ambitions beyond serving viral vector-based applications via the SAN products. The Company has initiated an R&D program to develop enzymes tailored for use in RNA therapeutics development and subsequent manufacturing.

In supporting the above ambitions, ArcticZymes launched the following products during 2023:

- **ArcticZymes Proteinase HQ** - This product is a higher quality 'bioprocessing grade' version of our existing ArcticZymes Proteinase made available to the B2B market, i.e. large scale supply to business customers developing their own industrial processes. Bioprocessing grade includes a more comprehensive quality documentation package demanded by customers in the Biomanufacturing segment such as statements pertaining to endotoxins, bioburden and non-animal origin inputs. The enzyme is a distinct and heat-labile alternative to existing commercial enzymes and is a good alternative when the goal is to reduce protein load to improve handling and sample accessibility without destroying all the associated biological information. These novel features expand the design choices for our customers to resolve certain technical barriers in both molecular and biomanufacturing workflows.

- **AZtaq™ DNA polymerase** - is a high-quality thermostable DNA polymerase suitable for use in Polymerase Chain Reaction (PCR) applications. Launching the AZtaq™ was a natural expansion of the Company's product portfolio and strategy towards a more complete enzyme offering to assay developers in molecular diagnostics. Being an essential enzyme in the PCR technology, the thermostable DNA polymerase plays a pivotal role and enables numerous applications within molecular diagnostics and research, and create synergies with existing products supporting PCR workflows such as AZscript™, AZ proteinase, nucleases and Cod UNG.
- **T7 RNA Polymerase** - was designed and launched for molecular research and diagnostics to cater to the specialized needs of our customers in the Molecular Tools segment. The launch of the T7 RNA Polymerase is also an example of exploiting synergies between the business segments as a higher quality grade of this enzyme will allow AZT to tap into a growing market for RNA therapeutics. T7 RNA polymerase will support different research areas and a key component in various molecular diagnostic applications.

- **SAN HQ GMP** - The new GMP grade salt active nuclease, supported with the filed DMF, was launched January 2024. The SAN HQ GMP has a higher quality grade and documentation reducing the barrier for customers to implement the enzyme into their development and manufacturing processes of viral vector therapeutic products. The SAN HQ GMP enzyme is used for removal of unwanted DNA and RNA from any biological component manufactured using host cells, and adhere to strict requirements for ancillary materials used in advanced therapeutics GMP-compliant manufacturing.

Operations

A Drug Master File (DMF) for SAN HQ GMP was submitted and accepted by the Food and Drug Administration (FDA). Throughout the year, most resources in Operations have been targeted against planning and production of the SAN HQ GMP validation batches for the DMF. A Good Manufacturing Practice (GMP) audit, resulting in a GMP compliance statement for ArcticZymes as a manufacturer of ancillary raw material to the biomanufacturing industry, was performed early in the year and the manufacturing of the validation batches was carried out following GMP requirements. The batches were successfully completed and through this work, the team has gained increased competence and understanding towards the GMP requirements, which is of high value for both GMP and non-GMP products.

The Company went through three customer audits towards ISO 13485 and cGMP within both the Biomanufacturing (2) and the Molecular Tools segments (1). There were no critical deviations revealed during the audits, which indicates that AZT maintains a healthy quality system.

The annual ISO 13485 audit was successfully carried out, and certification was granted for another year. This certificate is essential for the long-term continuity of business with IVD customers and for attracting new business from potential diagnostic test developers.

The T7 RNA Polymerase Molecular Tools grade validation batches were completed by the end of the year.

Technology transfer for the rSAP fementation process was initiated with Paras Biopharmaceuticals since the collaboration with Biosentrum was ended. The work is planned to be completed in 2024.

An ERP system project involving finance, production planning, stockholding, and inventory control was initiated in 2022. This work continued in 2023 and Jeeves was approved as supplier, training commenced, and migration of data initiated. Investment in this project is expected to streamline and integrate finance and operations to enable seamless production data tracking with minimal resourcing in the longer term. Implementation of the system is set to 2024. No expenses on the ERP project were capitalised in 2023.

Company details

During 2023, 62.8 man-years were employed in ArcticZymes compared to 43.5 in 2022. All employees in the mother company ArcticZymes Technologies were transferred to ArcticZymes on 01st Jan. 2023, resulting in an increase in number of man years.

The main part of the business is run from Tromsø in rented premises, co-located with the parent company ArcticZymes Technologies ASA. In 2022, an R&D department was established in Oslo with 3 employees. This office was shut down early 2024.

The Company's activities have limited negative impact on the environment. Excipients and chemicals that cannot be recycled in the production processes are collected and returned to an approved manufacturer for environmentally and sound recycling. Procedures for the collection of various types of waste from laboratories and for separation by source of waste from other operations are established. This is considered to have minimal impact on the environment. Use of energy in the production process is modest. See the Group's ESG statement for further information. This statement can be found on www.arcticzymes.com.

Lost days due to sick leave in 2023 totalled 891 days, compared to 381 days in the previous year. Accumulated sick leave was 6.6 % compared to 3.6 % in 2022. Two people on long term sickness represented 2.8% of this. There were no work accidents causing injury to personnel or damage to machinery during 2023.

Ethical guidelines have been established, and all employees have individually confirmed in writing that through their position they will work to prevent discrimination, promote equality, promote human rights and fight all forms of corruption.
See the Group's "Workplace equality and diversity reporting" (Aktivitets- og redegjørelsesplikt) for further information on equlaity. This statement can be found on www.arcticzymes.com.

The Board has established principles for corporate governance and equality and diversity guidelines in line with the Norwegian Accounting Act § 3-3 and the Norwegian Code of Practice for Corporate overnance. A detailed description of these principles can be found in the annual report under Corporate Governance or on the Company's website www.arcticzymes.com. The Company's equality statement and guidelines can also be found on the homepage.

The Company has presented a separate report on the "Transparency Act". The report is published on www.arcticzymes.com. An updated report will be presented prior to 01 July 2024.

The Company's board consists of two men and one woman from the group management.

The parent company has board liability insurance which covers the board and managing director of the subsidiary, in the event that the individual becomes personally liable for damages due to negligence. The insurance covers damages of up to NOK 30 million per damage.

Ownership

ArcticZymes Technologies ASA owns 100.00% of the shares.

Profit and liquidity

The operating income in 2023 was NOK 119.6 million compared to NOK 137.6 million in 2022. The annual result was a profit of NOK 23.6 million in 2023, compared to a profit of NOK 56.9 million in 2022.

The Cash flow statement confirms satisfactory liquidity in the Company with NOK 25.9 million in cash and cash equivalents. For 2022, cash and cash equivalents were at NOK 76.4 million. NOK 55.3 million was set aside as group contribution and liability in 2022. The liability was settled in 2023. NOK 23.7 million is proposed as group contribution in 2023.

The equity share was 51% at the end of the financial year.

Risk

The Company is exposed to various types of financial and operational risks.

There are risks associated with development and sales in ArcticZymes. The Company is actively entering new agreements to broaden the revenue base and secure business as a long-term critical component supplier. Success relating to new product introductions is not guaranteed and sales will be dependent on customer implementation. However, ArcticZymes' innovations process is built around voice of customer and prototype testing to ensure that only commercially relevant innovations reach the market.

Future changes in taxes and regulations may represent a risk for the Company having a global scope for both business areas.

The Company seeks to protect its intellectual property through patent protection and trade secrets. There will always be a risk that other companies may dispute such rights or that other players secure rights that could restrict the technological freedom. There is also a risk that the Company must take on costs to defend its rights against patent infringement.

ArcticZymes is a small company, with few employees, a number of whom are critical to the success of the companys' operations. Key personnel are involved in the development of products, technologies, production processes, quality control, purchasing, marketing and quality assurance, as well as other activities. The Company is also dependent on recruiting new, qualified personnel, and there is no guarantee that the Company will be able to retain key personnel or to be able to recruit new key personnel in the future.

Currency risks arise since most of the Company's revenues are in USD and Euro, while most expenses are accrued in NOK. A higher exchange rate for the USD and Euro against the Norwegian krone will affect the outcome in a positive direction, while lower rates will have the opposite effect. Exposure to currency will in the long run be altered if new product releases provide a change in the currency mix and if there is a change in customer locations.

Financial investments are carried out only in the form of bank deposits, certificates, or money market funds with short maturities. The Company is thus not very exposed to interest rate risk. The Company shall not be exposed to any material financial risk in the stock market. The Company has limited credit risk and recognised insignificant losses on accounts receivable in both 2022 and 2023.

The Coronavirus pandemic has in general terms impacted the business positively in 2021 and 2022, but as expected, there were no sales associated with the Coronavirus pandemic in 2023.

The war in Ukraine is not considered to impact the business in a material way. The Company does not have any customers nor suppliers that origin from either Ukraine, Russia or Belarus. The Company has experienced longer lead times on some of the consumables used in production especially in 2022, but if this was a result of the macroeconomic climate, or the war is hard to determine. Delivery times normalised in 2023

Still operating

In accordance with the Accounting Act § 3-3a, the financial statements have been prepared under the assumption of a going concern. This assumption is based on profits in 2023, forecasts for the year 2024 and the Company's long-term strategic forecasts.

Outlook

The board considers that the Company has a solid foundation for future growth through organic and inorganic expansion.

The board believes that the annual accounts provide a fair overview of the development and results of ArcticZymes' operations and financial position.

The accounting figures for ArcticZymes AS are included in the consolidated accounts for ArcticZymes Technologies ASA.

Tromsø, 05/04/2024

Børge Sørvoll	Marit Sjo Lorentzen	Olav Lanes	Michael Akoh
Chairman of the board	Board member	Board member	General Manager/CEO

Financial statement of profit & loss
ArcticZymes AS

OPERATING INCOME AND OPERATING EXPENSES	NOTE	2023	2022
Sales revenue	2	118 939	136 971
Other income	3	711	667
Total income		**119 650**	**137 638**
Raw materials and consumables used	4	11 721	5 376
Change in inventories of finished goods and work in progress	4	-5 795	-196
Personnel expenses	5	56 922	50 783
Depreciation and amortisation expenses	6, 7, 8	6 339	4 689
Other operating expenses	5, 9	27 305	22 698
Total operating expenses		**96 493**	**83 350**
Operating profit		**23 157**	**54 288**
FINANCIAL INCOME AND EXPENSES			
Other financial income		1 310	3 576
Other financial expenses		724	495
Net financial items	**10**	**586**	**3 081**
Net profit before tax		23 743	57 369
Income tax expense	11	146	451
Net profit/loss (-)		**23 597**	**56 918**
Total comprehensive income		**23 597**	**56 918**
Transfers and disposition			
Intra-group contribution given		-22 610	-55 306
Other equity		987	1 612
Total allocated		**23 597**	**56 918**

Statement of financial position
ArcticZymes AS

ASSETS	NOTE	2023	2022
NON-CURRENT ASSETS			
INTANIGBLE ASSETS			
Development	6	16 485	5 775
Patents, licenses and trademarks	6	9 612	3 461
Total intangible assets		**26 096**	**9 236**
PROPERTY, PLANT AND EQUIPMENT			
Machinery and equipment	7	14 855	15 269
Lease assets	8	12 314	13 643
Total property, plant and equipment		**27 169**	**28 912**
Total non-current assets		**53 265**	**38 148**
CURRENT ASSETS			
Inventories	4	12 873	7 078
DEBTORS			
Accounts receivables	12, 13	17 059	11 593
Other assets	13	2 490	5 651
Total receivables	**13**	**19 549**	**17 244**
INVESTMENTS			
Cash and cash equivalents	14	25 876	76 410
Total current assets		**58 298**	**100 733**
Total assets		**111 563**	**138 880**

Statement of financial position
ArcticZymes AS

EQUITY AND LIABILITIES	NOTE	2023	2022
EQUITY			
PAID-IN CAPITAL			
Share capital	15	10 938	10 938
Share premium reserve		13 358	13 358
Other paid-in capital		4 890	1 713
Total paid-in equity		**29 186**	**26 008**
RETAINED EARNINGS			
Other equity		28 137	27 150
Total retained earnings		**28 137**	**27 150**
Total equity		**57 323**	**53 158**
LIABILITIES			
Deferred tax	11	487	341
Total deferred tax		**487**	**341**
OTHER NON-CURRENT LIABILITIES			
Lease liability		8 301	10 209
Total non-current liabilities		**8 301**	**10 209**
CURRENT LIABILITIES			
Lease liability		4 358	3 555
Liabilities to group companies		22 610	55 306
Other current liabilities	13, 16	18 484	16 312
Total current liabilities	**13**	**45 452**	**75 172**
Total liabilities		**54 241**	**85 722**
Total equity and liabilities		**111 563**	**138 880**

Tromsø, 05.04.2024
The board of ArcticZymes AS

Børge Sørvoll
Chairman of the board

Olav Lanes
Member of the board

Marit Sjo Lorentzen
Member of the board

Michael Benjamin Akoh
CEO

Indirect cash flow
ArcticZymes AS

	NOTE	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/loss before tax		23 743	57 369
Adjustment lease assets		9	-685
Ordinary depreciation		6 339	4 689
Employees' options, share-based payment expense		3 177	1 713
Interes expenses lease liability		691	477
Change in inventory		-5 795	-196
Changes in account receivables and other receivables		-2 305	95 453
Changes in account payable and other current liabilities		2 173	1 525
Net cash flows from operating activities		**28 033**	**160 344**
CASH FLOWS FROM INVESTMENT ACTIVITIES			
Payments to buy tangible assets		-1 641	-4 682
Payment to bay intangible assets		-17 546	-7 641
Net cash flows from investment activities		**-19 187**	**-12 323**
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment lease liability		-3 383	-2 821
Payment lease interest		-691	-477
Payment of Group contributions		-55 306	-71 500
Net cash flows from financing activities		**-59 380**	**-74 798**
Net change in cash and cash equivalents		**-50 534**	**73 223**
Cash and cash equivalents at the start of the period		76 410	3 186
Cash and cash equivalents at the end of the period		**25 876**	**76 410**

Statement of changes in equity capital

	Share capital	Share premium	Other paid-in equity capital	Other equity capital	Total equity capital
Equity capital 01.01.2022	**10 938**	**13 358**	**-**	**25 538**	**49 834**
Result for the year				56 918	56 918
Group contribution				-55 306	-55 306
Employees`s shanre options			1 713		1 713
Equity capital 31.12.2022	**10 938**	**13 358**	**1 713**	**27 150**	**53 158**
Result for the year				23 597	23 597
Group contribution received			-	-22 610	-22 610
Employees`s shanre options			3 177	-	3 177
Equity capital 31.12.2023	**10 938**	**13 358**	**4 890**	**28 137**	**57 323**

Principles and notes 2023 for ArcticZymes AS

Principles for accounting:
ArcticZymes AS is a Norwegian-registered company with headquarters in Siva Forskningssenter, Sykehusveien 23, 9294 Tromsø.
The company is 100% owned by Arcticzymes Technologies ASA, which shares the same business address as Arcticzymes. ArcticZymes AS is included in the parent company's consolidated financial statements, which can be downloaded from the group's website at www.arcticzymes.com or by contacting the company's headquarters.

The annual accounts have been prepared in accordance with Section 3-9 of the Accounting Act and regulations on simplified IFRS established by the Ministry of Finance 7/2/2022.

Arcticzymes AS has adopt simplified IFRS in the Company accounts according to the Norwegian Accounting Act § 3-9. Simplified adoption of IFRS in the Company accounts means that value estimates and accounting principles applied in the consolidated financial statements for the Group also apply to the subsidiary Arcticzymes AS. Regarding lay-out and note information, a simplified adoption of IFRS allows this to be in accordance with the Norwegian Accounting Act. The lay-out of the statement and the notes for the subsidiary are thus prepared in accordance with the above mentioned, with the exception of comprehensive income which is in accordance with IFRS and group contributions which is in accordance with IFRS § 3-1 nr 3 (IAS 10 nr. 12 og 13, IAS 27.12, IFRS 9.5.7.1 A og IFRIC 17 nr. 10).

Simplifications according to chapter 3 of the regulations:
Group contributions are booked in line with §3-1 no. 3 of the Regulations and the requirements in IAS 10.12-13 and IFRIC 17 no. 10 are waived so that dividends and group contributions can be accounted for in accordance with the general provisions of the Accounting Act.
The annual accounts have been prepared in conformity with the provisions of the Accounting Act and good accounting practice.

Accounting estimates and judgements
Estimates and judgments undergo continuous evaluation based on historical experience and other factors, including expectations of future events believed to be reasonable under the present circumstances.

The Company makes estimates and assumptions concerning the future. Estimates and assumptions are based on parameters available when the financial statements were prepared, but these assumptions may change due to market changes or circumstances arising beyond the control of the Company. These changes are reflected in assumptions when they occur.
Estimates and assumptions that might have a significant risk for adjustment in the carrying value in the following years are addressed below:

Assessment of capitalisation of development:
Capitalisation of development expenses of a defined product assumes that future cash flows from sales of this product exceed the expenses of development. The expected future cash flows are still subject to uncertainties, and may, if reduced, result in impairment of capitalised development expenses. During most of the development phase of a new product there is a significant uncertainty whether the product under development will be suitable for commercialisation. Because of this, the development projects will usually not qualify or recognition as an intangible asset before the latest stages of the development phase. See note 6 for projects that are capitalised.

Assessment of useful life of intangible assets:
Useful life of intangible assets is based on an assessment of each individual asset. Maximum expected useful lifetime for capitalised development expense and patents are 10 years, which is the estimated useful life for each asset.

Assessing start up for amortisation of intangible assets:

Amortisation of intangible assets related to capitalised development costs begins when the prototype is ready for distribution / sales. Amortisation of other intangible assets starts with acquisitions.

Options
Options are measured at the fair value of the equity instruments at the grant date. Calculation of fair value involves estimates and assumptions. Measurement inputs include share price on measurement date, strike price, expected volatility, weighted average expected life of the instruments, expected dividends, and the risk-free interest rate. At the end of each reporting period, the Company revises its estimates of the number of equity instruments that are expected to vest. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Classification and assessment of financial position
Current assets, liabilities and other short-term liabilities include items due for payment within one year of the balance sheet date. Other items are classified as fixed assets/long-term liabilities. Fixed assets are valued at acquisition cost.

Financial risk factors
The company is exposed to financial risks such as currency risk, credit risk, interest rate risk and liquidity risk. The company's main pricing strategy is to minimize the risk of unwanted effects in the markets. The Company has no interest-bearing debt in the reporting period. Financial instruments are not used for speculative purposes.

Currency
Transactions in foreign currency are converted at the exchange rate at the time of the transaction. Monetary items in foreign currency are converted to Norwegian kroner by using the exchange rate at the time of the transaction. Non-monetary items measured at fair value expressed in foreign currency, is converted at the exchange rate determined at the time of measurement. Exchange rate changes are recognized in the income statement on an ongoing basis
the accounting period under other operating costs (purchases, sales and other operating costs) and other financial items (finance).

Revenues for 20223 to the Group are mainly denominated in USD and EUR; distributed 75% at USD and 24% at EUR. A majority of the Group's cost base is denominated in NOK.
A weaker NOK against the USD or EUR will influence the operating profit in a positive direction, while a stronger NOK against the USD or EUR will have the opposite effect.
By using an equivalent exchange rate in 2023 as 2022, sales revenues in 2023 would have been NOK 12.3 million lower for the year as the NOK weakened towards the USD especially.

If NOK relative to USD was 5% stronger / weaker at 31 December 2023 and all other variables held constant, this would lead to a higher/lower operating profit of NOK 380.000. For EUR would such currency changes have affected the result by NOK 130.000. The impact on equity would be correspondingly. The calculated effect is based on a net 5% change in receivables and payables denominated in USD and EUR as of 31.12.2023.

The Group exchanges foreign currency into NOK on a regular basis. The Group tries to minimise the balance of foreign currencies in its accounts.

Credit risk
The company's credit risk is mainly linked to the company's accounts receivable. There is no significant credit risk linked to a single counter party or several counter parties that can be perceived as a group due to similarities in the credit risk. The company's credit risk is considered low. The company has guidelines to sell only to customers who have not previously had significant payment problems and that outstanding receivables have been paid.
The company has not booked losses on trade receivables in recent years.

Liquidity risk

Liquidity risk is the risk that the group will not be able to service its financial obligations when they fall due, also in the event of extraordinary events, without risking unacceptable losses or the group's reputation. Based on planned activities and the current cash position, the liquidity risk is considered to be low.

There are no major planned investments that will materially affect the company's liquidity. If the company initiates an acquisition process of other companies, the company will consider an external capital acquisition through new shares in the parent company ArcticZymes Technologies ASA. The company's liquidity is in the form of low-risk bank deposits.

CASH FLOW STATEMENT
The cash flow statement has been prepared using the indirect method. Cash and cash equivalents consist of cash, bank deposits and other short-term, liquid investments.

1 Events after balance sheet date

There are no events to the financial statement for the period from the financial position date to the date of approval ; 05.04.2024.

Note 2 Sales revenue

Principles for accounting:
The operating segment aligns with the internal reporting provided to the top decision-maker. The operational decision-maker, responsible for resource allocation and assessing the performance of business segments, is identified as the board.

Revenue recognition follows IFRS 15, which defines when control over goods or services is transferred to a customer. Control is transferred based on agreed delivery terms for each order. These terms are based on Incoterms 2020 issued by the International Chamber of Commerce, and the company uses FCA, where the customer arranges and pays for the main transportation. Control transfers when goods are collected by a carrier engaged by the customer.

Goods are typically sold with standard warranties, ensuring compliance with agreed specifications. The company has no other significant obligations for returns or refunds. Freight services are included in sales revenues.

The Company's sales revenues consist of enzymes used in molecular research, in vitro diagnostics, and biomanufactoring. Most goods are delivered to the USA and Europe. All goods are invoiced when the group transfers control over the goods to a customer, usually upon leaving the warehouse. Invoice terms vary from 30 to 90 days, depending on the customer. The majority of revenues come from offers or non-binding delivery agreements with pre-agreed prices. Other operating revenues include Skattefunn (tax incentives) and grants from the Research Council.

(Amounts in NOK 1 000)	2023	2022
By business area		
Enzymes	118 939	136 971
Total sales revenue	**118 939**	**136 971**
Geographic breakdown		
Norway	224	627
Europe	61 044	60 364

USA	53 149	60 355
Rest of world	4 522	15 625
Total sales revenue	**118 939**	**136 971**

Sales revenues from the largest customer in 2023 is NOK 34.5 million (2022: NOK 28.0 million)

The Company experienced a sharp drop in Coronavirus related sales after the first quarter of 2022, and had only marginal sales the last three quarters of 2022. There were no Coronavirus related sales in 2023.

Note 3 Other income

Principles for accounting:
Other income are different kind of grants.
Government grants are recognised at fair value when it is reasonable sure that the grant will be received and that the Company will fulfil the conditions attached to the grant. The grants are recognised as other income in the period in order to match expenses they are intended to compensate. Government grants relating to the purchase of fixed assets are recorded as a reduction in the carrying cost. They are expressed in the profit and loss statement through lower annual depreciation over the expected life of the relevant fixed assets.

(Amounts in NOK 1 000)	2023	2022
From UIT-The Arctic University of Norway:		
Cold ligases		817
Tax grants	741	140
Other income	-30	-290
Total income	**711**	**667**

Note 4 Inventory and cost of materials

Principles for accounting:
Inventories are valued at average acquisition cost. Value of finished goods and work in progress comprises the expense of raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity).

(Amounts in NOK 1 000)	2023	2022
Stocks of raw materials and purchased semi-finished goods	101	131
Stocks of goods in manufacture	7 316	2 067
Stocks of self-produced finished goods	5 455	4 880
Total inventory	**12 873**	**7 078**
Cost of goods		
Purchase of raw materials	2 323	2 518
Purchase of finished goods	9 398	2 859
Change in inventory	-5 795	-196
Total cost of goods	**5 926**	**5 180**

Cost of materials:
Total cost of materials include direct materials, services provided by contract manufactures and packaging suppliers, products freights and distribution costs. Royalties for in licensing of technology and rights from other parties are excluded from cost of goods and included in other operating expenses.

Note 5 Personnel expenses

Principles for accounting:
Payroll and related expenses are recognised in the statement of profit and loss in the period which the related costs are incurred or services are provided.

The Company has a defined contribution plan for all employees in Norway compliant to requirements for compulsory occupational pension in Norway under which the Company pays a fixed percentage contribution of members' salaries. The Company has no further payment obligations once the contributions are made. The employer's contribution plan are 7% for salaries between 0 G and 7.1 G, and 10% for salaries between 7.1 G and 12 G. Per 31 December 2023, the Company paid for 60 members inf the scheme.

The Group recognises liabilities and expenses for bonuses based on a review of key performance indicators. The Group recognises a provision for bonuses based on contractually and probable liabilities.

(Amounts in NOK 1 000)	2023	2022
Salaries	44 636	36 383
Administration Group		8 027
Employer`s social contribution	5 272	2 510
Pension costs	3 026	1 703
Share options granted to employees	3 177	1 713
Other benefits	811	448
Total personnel expense	**56 922**	**50 783**
Number of man-year Norway 31.12	57,4	38,3
Number of man-year abroad 31.12	5,4	5,2

Remuneration senior management:

(Amounts in NOK 1 000)	2023				2022			
	Salaries paid	Bonus paid	Pension cost	Other benefits	Salaries paid	Bonus paid	Pension Cost	Other benefits
Michal Akoh, CEO	543		39	100				
Børge Sørvoll, CFO	1 413	85	124	6 410	1 538	323	123	11
Olav Lanes, VP R&D and Application	1 191	38	94	13	1 129	117	106	12
Marit S. Lorentzen, VP Operations	1 187	38	94	13	1 074	136	120	13
Grethe Ytterstad, VP Quality	930	30	95	12	828		62	7
Dirk Hahneiser, VP BD and marketing	1 933		34		735		16	26
Jeremy Gillespie, VP Corp. Dev. and Prod.mgt	793		24					
Jethro Holter, former CEO	1 814	188	104	9	2 073	671	131	26
Darren Ellis, former CSO	1 382		147	9	117			50

No remuneration has been paid to the board.

Shares in the mother company ArcticZymes Technologies controlled by senior management or close associates:

Per 31.12.2023	Shares
Marit Sjo Lorentzen, VP Operations	20 331
Olav Lanes, VP R&D and Applications	2 000
Børge Sørvoll, CFO	95 428
Dirk Hahneiser, VP Business dev & marketing	150

Grete Ytterstad, VP Quality	7 269

Share options
The Company has a share-based option scheme related to shares in the mother company. The fair value of the services received from the employees in return for the options granted is recognised as an expense in the consolidated profit & loss statement. Total expense for the options is accrued over the contract period based on the fair value of the options granted, excluding impact of any vesting conditions. Criteria not reflected in the market, affect the assumptions about the number of options expected to be vested. At the end of each reporting period, the Company revises its estimates of the number of options expected to be vested. It recognises the importance of the revision of original estimates in the consolidated profit & loss statement with a corresponding adjustment in equity. For 2023, the Company expensed NOK 1.7 million in connection with share options and a reversal of NOK 1.7 million in previously booked national insurance contribution on options.

The net value of proceeds received less directly attributable transaction expenses are credited to the share capital (nominal value) and the share premium when the options are exercised.
The fair value is expensed over the vesting period. The Company has no obligations, legal nor implied, to repurchase or settle the options in cash unless general assembly in the mother company declines to renew its authorisation to issue new shares.

Per 31.12.2023, there are four employees who has options in the mother company.

Share options in the mother company ArcticZymes Technologies controlled by senior management or close associates:

	2023		2022
	Average exercise price	Number of share options	Number of share options
Michael Akoh, CEO	26,94	200 000	
Børge Sørvoll, CFO	42,38	50 000	
Børge Sørvoll, CFO	8,00		200 000
Børge Sørvoll, CFO	89,52	130 000	130 000
Marit Sjo Lorentzen, VP Operations	89,52	100 000	100 000
Marit Sjo Lorentzen, VP Operations	10,19	15 000	15 000
Olav Lanes, VP R&D and Applications	89,52	100 000	100 000
Outstanding per 31.12		**595 000**	**545 000**

Expiry date, exercise price, and outstanding options at year end:

	2023		2022
Expiry date	Average exercise price	Number of share options	Number of share options
2022, 31 December*	8,00		200 000
2025, 14 May	10,19	15 000	15 000
2026, 30 November	89,52	330 000	500 000
2028, 28 February	42,38	50 000	
2028, 30 November	26,94	200 000	
Outstanding at 31.12		**595 000**	**715 000**
Exercisable options at 31.12		**15 000**	**200 000**

The fair value of employee options (2028 Feb award) are calculated according to the Black-Scholes method. The most important parameters
are share price at grant date (NOK 27.70 per share), risk free rate (3.69%), expected term of 5 years, expected dividend yield (0%),
excercise price (NOK 38.23 per share) and volatility last 5 years (63.21%). The options were valued at NOK 13.49 per share option at award.

The fair value of employee options (2028 Nov award) are calculated according to the Black-Scholes method. The most important parameters are share price at grant date (NOK 32.00 per share), risk free rate (3.82%), expected term of 5 years, expected dividend yield (0%), excercise price (NOK 26.94 per share) and volatility last 5 years (62.88%). The options were valued at NOK 19.42 per share option at award.

AUDITOR
Remuneration to the auditor is distributed as follows:

(Amount in NOK 1 000)	2023	2022
Statutory audit	188	221
Other attestation services	17	47
Other non-audit services		3
Total auditor expenses	**205**	**271**

Amounts are before VAT.

Note 6 Intangible assets

Principles for accounting:
Research and development, patents and licenses are intangible assets treated in accordance with IAS 38. The assets are depreciated by the linear method, depreciating the acquisition expense to the residual value over the estimated useful life, which are for each group of assets:

Own product development	10 years
License and patents	5-10 years

Capitalised development costs are tested by indication for impairment in accordance with IAS 36.

The Company has historically capitalised development expenses for rSAP, HL-dsDNase, SAN Elisa-kit, Sa HQ and Polymerases. Other development costs are expensed when incurred.

(Amounts in NOK 1 000)	R&D	Patents	Total
Acquisition cost 01.01.2022	3 711		3 711
Inflow of self-produced intangible assets	4 585	3 462	8 047
Acquisition cost 31.12.2022	**8 296**	**3 462**	**11 758**
Accumulated depreciation 31.12	2 523	1	2 524
Book value 31.12.2022	**5 775**	**3 461**	**9 236**
Acquisition cost 01.01.2023	8 296	3 462	11 758
Inflow of self-produced intangible assets	11 533	6 154	17 687
Capitalised grants (Skattefunn)	-141		-141
Acquisition cost 31.12.2023	**19 688**	**9 616**	**29 304**
This year's depreciation	683	3	686
Depreciations and write-downs 2023	**683**	**3**	**686**
Accumulated depreciations 31.12	3 206	4	3 210
Book value 31.12.2023	**16 485**	**9 612**	**26 096**

Note 7 Tangible assets

Accounting principle:
Tangible assets are entered on the balance sheet and depreciated over the assets' expected economic life. Direct maintenance of operating assets are expensed on an ongoing basis under operating costs, while costs or improvements are added to the operating asset's cost price and is depreciated in line with the operating asset.

Permanent fixtures	10 years
Machinery/Equipment	3-10 years

(Amounts in NOK 1 000)	Permanent fixtures	Machinery	Equipment and other movables	Total
Acquisition cost 01.01.2022	1 738	14 334	2 581	18 653
Inflow of purchased tangible assets	107	1 927	2 637	4 671
Acquisition cost 31.12.2022	**1 845**	**16 261**	**5 218**	**23 324**
Accumulated depreciation 31.12	182	5 724	2 151	8 057
Book value 31.12.2022	**1 663**	**10 539**	**3 067**	**15 269**
Acquisition cost 01.01.2023	1 845	16 261	5 218	23 324
Inflow of purchased tangible assets		1 314	327	1 641
Acquisition cost 31.12.2023	**1 845**	**17 575**	**5 545**	**24 965**
This year's depreciation	184	1 391	479	2 055
Depreciations and write-downs 2023	**184**	**1 391**	**479**	**2 055**
Accumulated depreciation 31.12	366	7 115	2 630	10 111
Book value 31.12.2023	**1 478**	**10 462**	**2 914**	**14 855**

Note 8 Financial assets and lease liabilities

Principles for accounting
The Company rents premises from the parent Company ArcticZymes Technologies (AZT) in the SIVA Innovation Centre, Tromsø. The company has four contracts for offices and lab facilities. In addition, the Company is invoiced with a surcharge of 5%. The contracts for office premises expires in 2026 and the contract for lab facilities expires in 2031. All contracts are extended 2 times.
The Company has a lease agreement with Oslo Tech AS for renting premises in Oslo. The contract was re-negotiated in 2023. The rent is regulated annually based on the last 12 months' CPI change. An interest rate of 4.06% has been used in the agreement.

(Amounts in NOK 1 000)	Lease assets
Historic cost	18 030
Accumulated depreciation	-4 387
Book value at 31.12.2022	**13 643**
Adjustment net present value 01. 01	160
Revised lease and additional premises Oslo Tech, Oslo	1 105
Revised lease and additional premises Siva Tromsø	1 005
Depreciation	-3 599
Book value at 31.12.2023	**12 314**

Historic cost	20 300
Accumulated depreciation	-7 986
Book value at 31.12.2023	**12 314**

(Amounts in NOK 1 000)	2023	2022
Book value at 31.12 (preceding year)	13 763	13 398
Net present value adjustment 01.01	160	
Revises lease and additional premises Siva, Tromsø	987	2 526
Revised lease and additional premises Oslo Tech	1 132	661
Interest expense	691	477
Lease payments additional premises SIVA	-4 074	-3 298
Book value at 31.12	**12 659**	**13 765**
Where of Current liabilities	4 358	3 555
Where of Non-current liabilities	8 301	10 209

Maturity analysis - contractual undiscounted cash flow	2023	2022
Less than one year	4 358	3 555
One to five years	8 368	9 266
More than five years	2 289	3 360
Total undiscounted lease liabilities at 31.12	**15 016**	**16 180**

Summary of other leased assets presented in the consolidated profit & loss statement	2023	2022
Overhead expenses related to premises	648	285
Total leased assets included in other expenses at 31.12	**648**	**285**

Short-term leases
Overhead expenses related to premises in the contracts are expensed when they occur.

Note 9 Other operating expense

Principles for accounting;
Expenses are recognised in the statement of profit and loss in the period which the related costs are incurred or services are provided. Net currency related to sales and settlements of other operating expenses are recognised under other operating expenses.

(Amounts in NOK 1 000)	2023	2022
Maintenance premises	5 415	4 928
Office equipment and IT	1 807	864
External service	4 043	5 734
Marketing expenses	1 292	1 002
Patent and licensing expenses	2 522	1 860
Other operating expenses	7 098	4 924
Internal administration expenses	5 128	3 386
Total other operating expenses	**27 305**	**22 698**

Internal operating costs are part of the regular operations and are invoiced from the parent company to the subsidiary with a 5% markup. These costs include expenses related to IT, rent, and office expenses.

Note 10 Financial interest and -expenses

Principles for accounting:
The company's interest income and interest expense are mainly interest from bank deposits and lease obligations.

(Amounts in NOK 1 000)	2023	2022
Interest income	1 517	1 034
Net currency gain/loss (-)	-208	1 857
Gain lease liability		685
Sum financial income	**1 310**	**3 576**
Interest lease liability	-691	-477
Other financial expense	-33	-19
Sum financial expenses	**-724**	**-495**
Sum net finance	**586**	**3 081**

Note 11 Tax

Principles for accounting:
The tax charge in the profit and loss statement consists of tax payable for the period and the change in deferred tax. Deferred tax is calculated at the tax rate at 22 % on the basis of tax-reducing and tax-increasing temporary differences that exist between accounting and tax values, and the tax loss carried forward at the end of the accounting year. Tax-increasing and tax-reducing temporary differences that reverse or may reverse in the same period are set off and entered net. The net deferred tax receivable is entered on the balance sheet to the extent that it is likely that it can be utilised.

(Amounts in NOK 1 000)	2023	2022
Entered tax on ordinary profit/loss:		
Changes in deferred tax	146	451
Tax expense on ordinary profit/loss	**146**	**451**
Taxable income:		
Result before tax	23 743	57 369
Permanent differences	-570	-418
Changes in temporary differences	-563	-1 645
Provided intra-group contribution	-22 610	-55 306
Taxable income	**-**	**-**
Payable tax in the balance:		
Payable tax on this year's result	4 974	12 167
Payable tax on provided Group contribution	-4 974	-12 167
Total payable tax in the balance	**-**	**-**
Calculation of effective tax rate		
Profit before tax	23 743	57 369
Calculated tax on profit before tax	5 224	12 621
Tax effect of permanent differences	-125	-92

Adjustment capitalisation tax grants	124	89
Total	**5 222**	**12 618**
Effective tax rate	22 %	22 %

The tax effect of temporary differences that has formed the basis for deferred tax and deferred tax advantages, specified on type of temporary differences

(Amounts in NOK 1 000)	2023	2022	Difference
Tangible assets	2 115	1 384	-731
Lease agreements brought to the balance	-345	-120	225
Allocations and more	-62	-119	-57
Total temporary differences	**1 708**	**1 145**	**-563**
Not included in the deferred tax calculation	506	406	-101
Basis for deferred tax	**2 215**	**1 551**	**-664**
Deferred tax (22 %)	**487**	**341**	**-146**

Note 12 Accounts receivables and other assets

Accounting principle:
Accounts receivable and other assets are listed in the statement of financial position at face value. Receivables in foreign currency are assessed at the statement of financial position date's exchange rate.

(Amounts in NOK 1000)	2023	2022
Accounts receivables	13 784	11 593
Provisions for estimated losses on accounts receivables	0	0
Book value of accounts receivables 31.12	**13 784**	**11 593**
Research grant		817
Group receivables	3 275	
Tax grants	853	631
VAT	485	699
Prepayments	1 152	3 503
Sum other assets	**5 765**	**5 651**
Sum account receivables and other assets	**19 549**	**17 244**

Age breakdown of Accounts receivable per 31.12.2023:

Not yet due	1 – 30 days	31 – 60 days	61 – 90 days	Over 90 days	Total
12 768	704	213	17	82	13 784

A majority of accounts receivables overdue on 31 December have been settled subsequently.

Age breakdown of Accounts receivable per 31.12.2022:

Not yet due	1 – 30 days	31 – 60 days	61 – 90 days	Over 90 days	Total
9 757	1 683	31	71	51	11 593

Note 13 Group receivables and group liabilities

(Amounts in NOK 1 000)	2023	2022
Receivables		
Customer receivables within the group	867	
Other short-term receivables within the group	2 408	
Total receivables	**3 275**	
Liabilities		
Debt to suppliers within the group	3 073	6 579
Other short-term liabilities within the group	3 857	
Group contributions	22 610	55 306
Total liabilities	**29 540**	**61 885**

See note 5

Note 14 Cash and cash equivalents

(Amounts in NOK 1 000)	31.12.2023	31.12.2022
Cash and cash equivalents	23 980	74 993
Tax withdrawal accounts	1 896	1 417
Total cash and cash equivalents	**25 876**	**76 410**

Note 15 Shareholders

Share capital per 31.12.2023	Outstanding shares	Face value	Total share capital
Ordinary shares	109 380	100	10 938 000

Shareholders per 31.12.2023	Shares	Owner interest	Share of votes
ArcticZymes Technologies ASA	109 380	100%	100%

Note 16 Other current liabilities

(Amounts in NOK 1 000)	2023	2022
Accounts payable	3 798	3 729
Accrued salaries and holiday payment	4 519	3 103
Public duties payable	3 391	2 155
Bonus	1 781	1 669
Liabilities to group companies	3 073	3 334
Royalties	1 046	619
Other accrued costs	876	1 702
Total other current liabilities	**18 484**	**16 312**

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To the General Meeting of ArcticZymes AS

Independent Auditor's Report

Opinion

We have audited the financial statements of ArcticZymes AS (the Company), which comprise the statement of financial position as at 31 December 2023, the financial statement of profit & loss, statement of changes in equity capital and indirect cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements comply with applicable statutory requirements, and the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with simplified application of International Accounting Standards according to the Norwegian Accounting Act section 3-9, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the pwc

going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to: https://revisorforeningen.no/revisjonsberetninger

Tromsø, 5 April 2024
PricewaterhouseCoopers AS

Ørjan Renø
State Authorised Public Accountant
(This document is signed electronically)

Securely signed with Brevio

Revisjonsberetning

Signers:

Name	*Method*	*Date*
Renø, Ørjan	BANKID	2024-04-05 23:11

The Norwegian Tax Administration

Our date	Your date	Case officer
27.02.2024		Vibeke Horne
800 80 000 skatteetaten.no	Your reference	Telephone +4748123176
Org. nr: 974761076	Our reference 2024/5065255	Postal address P.O. Box 9200 Grønland 0134 Oslo

ARCTICZYMES AS
Att.Børge Sørvoll
Postboks 6463 Stakkevollan
9294 TROMSØ
Norge

Callers from abroad, please call +47 22 07 70 00

Permission to prepare the annual accounts and directors' report in English language for Arcticzymes AS, org. no 994 191 632

With reference to your letter of 26 January 2024 with respect to the above matter regarding Arcticzymes AS.

Based on a total evaluation, the view of the tax office is that Arcticzymes AS may make the directors' report and annual accounts in English language according to the Norwegian Accounting Act § 3-4 third paragraph. The exemption requires that the information the decision is based on, does not change significantly.

A copy of this letter must be sent to the Register of Company Accounts in Brønnøysund together with the financial statements. It is incumbent on the company to document by this letter that the permit is granted.

Background
Arcticzymes AS is a private limited company owned by a Norwegian company.

The company's purpose is to identify, manufacture, market and sell components for molecular research and diagnostics based on marine biochemicals. The company has a significant part of its operation outside Norway, working with existing and potential business partners, foreign authorities and R&D partners globally. The common working language is English.

Condition for the permission
According to the Norwegian Accounting Act § 3-4, third paragraph shall "the directors' report and annual accounts (…) be in Norwegian. The Ministry can in an individual decision decide that the directors' report and/or annual accounts may be in another language".

Ot. prp. nr. 42 (1997-1998) About Act about annual accounts etc., says the following about the purpose of the Accounting Act, refer section 1.1:

> "The aim of the Government with respect to the Accounting Act is that it shall contribute towards providing informative accounts for different users of accounts. The users of

> accounts include investors and creditors, which provide capital for the companies. Other groups include those who have an interest in knowing how the companies are operated, for example employees and the local community. The information to the capital market is an important basis for the correct pricing of financial instruments. The correct pricing of stocks is an important factor in securing the best possible allocation of resources in the economy. High quality accounts will also make it more difficult for market participants to obtain speculative gains as a result of non-publicly available information."

One of the main goals of the Accounting Act is to contribute to "informative accounts for different users of accounts". The users of the accounts will include investors, creditors, employees and the local community.

Hence, it is the view of the Ministry that it is crucial that the question of dispensation from the general rule that the annual accounts and/or directors' report should be prepared in Norwegian, not in any significant way deviate from the consideration of users of the accounts.

As mentioned above it is particularly the consideration of the users of the account information, which has to be taken into consideration when considering the application for permission. In this assessment, the tax office has emphasized that the company has a professional owner. Furthermore, all key players and partners in this industry understand and use English.
Please state "our reference" (see above) in all written communication with the Norwegian Tax Authorities.

Yours sincerely,

Vibeke Horne
The Norwegian Tax Administration

This document has been electronically approved and therefore has no handwritten signatures.

Financial statement of profit & loss
ArcticZymes AS

OPERATING INCOME AND OPERATING EXPENSES	NOTE	2023	2022
Sales revenue	2	118 939	136 971
Other income	3	711	667
Total income		**119 650**	**137 638**
Raw materials and consumables used	4	11 721	5 376
Change in inventories of finished goods and work in progress	4	-5 795	-196
Personnel expenses	5	56 922	50 783
Depreciation and amortisation expenses	6, 7, 8	6 339	4 689
Other operating expenses	5, 9	27 305	22 698
Total operating expenses		**96 493**	**83 350**
Operating profit		**23 157**	**54 288**
FINANCIAL INCOME AND EXPENSES			
Other financial income		1 310	3 576
Other financial expenses		724	495
Net financial items	**10**	**586**	**3 081**
Net profit before tax		23 743	57 369
Income tax expense	11	146	451
Net profi/loss (-)		**23 597**	**56 918**
Total comprehensive income		**23 597**	**56 918**
Transfers and disposition			
Intra-group contribution given		-22 610	-55 306
Other equity		987	1 612
Total allocated		**23 597**	**56 918**

Statement of financial position
ArcticZymes AS

ASSETS	NOTE	2023	2022
NON-CURRENT ASSETS			
INTANIGBLE ASSETS			
Development	6	16 485	5 775
Patents, licenses and trademarks	6	9 612	3 461
Total intangible assets		**26 096**	**9 236**
PROPERTY, PLANT AND EQUIPMENT			
Machinery and equipment	7	14 855	15 269
Lease assets	8	12 314	13 643
Total property, plant and equipment		**27 169**	**28 912**
Total non-current assets		**53 265**	**38 148**
CURRENT ASSETS			
Inventories	4	12 873	7 078
DEBTORS			
Accounts receivables	12, 13	17 059	11 593
Other assets	13	2 490	5 651
Total receivables	**13**	**19 549**	**17 244**
INVESTMENTS			
Cash and cash equivalents	14	25 876	76 410
Total current assets		**58 298**	**100 733**
Total assets		**111 563**	**138 880**

Statement of financial position
ArcticZymes AS

EQUITY AND LIABILITIES	NOTE	2023	2022
EQUITY			
PAID-IN CAPITAL			
Share capital	15	10 938	10 938
Share premium reserve		13 358	13 358
Other paid-in capital		4 890	1 713
Total paid-in equity		**29 186**	**26 008**
RETAINED EARNINGS			
Other equity		28 137	27 150
Total retained earnings		**28 137**	**27 150**
Total equity		**57 323**	**53 158**
LIABILITIES			
Deferred tax	11	487	341
Total deferred tax		**487**	**341**
OTHER NON-CURRENT LIABILITIES			
Lease liability		8 301	10 209
Total non-current liabilities		**8 301**	**10 209**
CURRENT LIABILITIES			
Lease liability		4 358	3 555
Liabilities to group companies		22 610	55 306
Other current liabilities	13, 16	18 484	16 312
Total current liabilities	**13**	**45 452**	**75 172**
Total liabilities		**54 241**	**85 722**
Total equity and liabilities		**111 563**	**138 880**

Tromsø, 05.04.2024
The board of ArcticZymes AS

Børge Sørvoll Chairman of the board	Olav Lanes Member of the board
Marit Sjo Lorentzen Member of the board	Michael Benjamin Akoh CEO

Indirect cash flow
ArcticZymes AS

	NOTE	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/loss before tax		23 743	57 369
Adjustment lease assets		9	-685
Ordinary depreciation		6 339	4 689
Employees' options, share-based payment expense		3 177	1 713
Interes expenses lease liability		691	477
Change in inventory		-5 795	-196
Changes in account receivables and other receivables		-2 305	95 453
Changes in account payable and other current liabilities		2 173	1 525
Net cash flows from operating activities		**28 033**	**160 344**
CASH FLOWS FROM INVESTMENT ACTIVITIES			
Payments to buy tangible assets		-1 641	-4 682
Payment to bay intangible assets		-17 546	-7 641
Net cash flows from investment activities		**-19 187**	**-12 323**
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment lease liability		-3 383	-2 821
Payment lease interest		-691	-477
Payment of Group contributions		-55 306	-71 500
Net cash flows from financing activities		**-59 380**	**-74 798**
Net change in cash and cash equivalents		**-50 534**	**73 223**
Cash and cash equivalents at the start of the period		76 410	3 186
Cash and cash equivalents at the end of the period		**25 876**	**76 410**

Statement of changes in equity capital

	Share capital	Share premium	Other paid-in equity capital	Other equity capital	Total equity capital
Equity capital 01.01.2022	**10 938**	**13 358**	**-**	**25 538**	**49 834**
Result for the year				56 918	56 918
Group contribution				-55 306	-55 306
Employees`s shanre options			1 713		1 713
Equity capital 31.12.2022	**10 938**	**13 358**	**1 713**	**27 150**	**53 158**
Result for the year				23 597	23 597
Group contribution received			-	-22 610	-22 610
Employees`s shanre options			3 177	-	3 177
Equity capital 31.12.2023	**10 938**	**13 358**	**4 890**	**28 137**	**57 323**

Principles and notes 2023 for ArcticZymes AS

Principles for accounting:
ArcticZymes AS is a Norwegian-registered company with headquarters in Siva Forskningssenter, Sykehusveien 23, 9294 Tromsø.
The company is 100% owned by Arcticzymes Technologies ASA, which shares the same business address as Arcticzymes. ArcticZymes AS is included in the parent company's consolidated financial statements, which can be downloaded from the group's website at www.arcticzymes.com or by contacting the company's headquarters.

The annual accounts have been prepared in accordance with Section 3-9 of the Accounting Act and regulations on simplified IFRS established by the Ministry of Finance 7/2/2022.

Arcticzymes AS has adopt simplified IFRS in the Company accounts according to the Norwegian Accounting Act § 3-9. Simplified adoption of IFRS in the Company accounts means that value estimates and accounting principles applied in the consolidated financial statements for the Group also apply to the subsidiary Arcticzymes AS. Regarding lay-out and note information, a simplified adoption of IFRS allows this to be in accordance with the Norwegian Accounting Act. The lay-out of the statement and the notes for the subsidiary are thus prepared in accordance with the above mentioned, with the exception of comprehensive income which is in accordance with IFRS and group contributions which is in accordance with IFRS § 3-1 nr 3 (IAS 10 nr. 12 og 13, IAS 27.12, IFRS 9.5.7.1 A og IFRIC 17 nr. 10).

Simplifications according to chapter 3 of the regulations:
Group contributions are booked in line with §3-1 no. 3 of the Regulations and the requirements in IAS 10.12-13 and IFRIC 17 no. 10 are waived so that dividends and group contributions can be accounted for in accordance with the general provisions of the Accounting Act.
The annual accounts have been prepared in conformity with the provisions of the Accounting Act and good accounting practice.

Accounting estimates and judgements
Estimates and judgments undergo continuous evaluation based on historical experience and other factors, including expectations of future events believed to be reasonable under the present circumstances.

The Company makes estimates and assumptions concerning the future. Estimates and assumptions are based on parameters available when the financial statements were prepared, but these assumptions may change due to market changes or circumstances arising beyond the control of the Company. These changes are reflected in assumptions when they occur.
Estimates and assumptions that might have a significant risk for adjustment in the carrying value in the following years are addressed below:

Assessment of capitalisation of development:
Capitalisation of development expenses of a defined product assumes that future cash flows from sales of this product exceed the expenses of development. The expected future cash flows are still subject to uncertainties, and may, if reduced, result in impairment of capitalised development expenses. During most of the development phase of a new product there is a significant uncertainty whether the product under development will be suitable for commercialisation. Because of this, the development projects will usually not qualify or recognition as an intangible asset before the latest stages of the development phase. See note 6 for projects that are capitalised.

Assessment of useful life of intangible assets:
Useful life of intangible assets is based on an assessment of each individual asset. Maximum expected useful lifetime for capitalised development expense and patents are 10 years, which is the estimated useful life for each asset.

Assessing start up for amortisation of intangible assets:

Amortisation of intangible assets related to capitalised development costs begins when the prototype is ready for distribution / sales. Amortisation of other intangible assets starts with acquisitions.

Options
Options are measured at the fair value of the equity instruments at the grant date. Calculation of fair value involves estimates and assumptions. Measurement inputs include share price on measurement date, strike price, expected volatility, weighted average expected life of the instruments, expected dividends, and the risk-free interest rate. At the end of each reporting period, the Company revises its estimates of the number of equity instruments that are expected to vest. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Classification and assessment of financial position
Current assets, liabilities and other short-term liabilities include items due for payment within one year of the balance sheet date. Other items are classified as fixed assets/long-term liabilities. Fixed assets are valued at acquisition cost.

Financial risk factors
The company is exposed to financial risks such as currency risk, credit risk, interest rate risk and liquidity risk. The company's main pricing strategy is to minimize the risk of unwanted effects in the markets. The Company has no interest-bearing debt in the reporting period. Financial instruments are not used for speculative purposes.

Currency
Transactions in foreign currency are converted at the exchange rate at the time of the transaction. Monetary items in foreign currency are converted to Norwegian kroner by using the exchange rate at the time of the transaction. Non-monetary items measured at fair value expressed in foreign currency, is converted at the exchange rate determined at the time of measurement. Exchange rate changes are recognized in the income statement on an ongoing basis
the accounting period under other operating costs (purchases, sales and other operating costs) and other financial items (finance).

Revenues for 20223 to the Group are mainly denominated in USD and EUR; distributed 75% at USD and 24% at EUR. A majority of the Group's cost base is denominated in NOK.
A weaker NOK against the USD or EUR will influence the operating profit in a positive direction, while a stronger NOK against the USD or EUR will have the opposite effect.
By using an equivalent exchange rate in 2023 as 2022, sales revenues in 2023 would have been NOK 12.3 million lower for the year as the NOK weakened towards the USD especially.

If NOK relative to USD was 5% stronger / weaker at 31 December 2023 and all other variables held constant, this would lead to a higher/lower operating profit of NOK 380.000. For EUR would such currency changes have affected the result by NOK 130.000. The impact on equity would be correspondingly. The calculated effect is based on a net 5% change in receivables and payables denominated in USD and EUR as of 31.12.2023.

The Group exchanges foreign currency into NOK on a regular basis. The Group tries to minimise the balance of foreign currencies in its accounts.

Credit risk
The company's credit risk is mainly linked to the company's accounts receivable. There is no significant credit risk linked to a single counter party or several counter parties that can be perceived as a group due to similarities in the credit risk. The company's credit risk is considered low. The company has guidelines to sell only to customers who have not previously had significant payment problems and that outstanding receivables have been paid.
The company has not booked losses on trade receivables in recent years.

Liquidity risk

Liquidity risk is the risk that the group will not be able to service its financial obligations when they fall due, also in the event of extraordinary events, without risking unacceptable losses or the group's reputation. Based on planned activities and the current cash position, the liquidity risk is considered to be low.

There are no major planned investments that will materially affect the company's liquidity. If the company initiates an acquisition process of other companies, the company will consider an external capital acquisition through new shares in the parent company ArcticZymes Technologies ASA. The company's liquidity is in the form of low-risk bank deposits.

CASH FLOW STATEMENT
The cash flow statement has been prepared using the indirect method. Cash and cash equivalents consist of cash, bank deposits and other short-term, liquid investments.

1 Events after balance sheet date

There are no events to the financial statement for the period from the financial position date to the date of approval ; 05.04.2024.

Note 2 Sales revenue

Principles for accounting:
The operating segment aligns with the internal reporting provided to the top decision-maker. The operational decision-maker, responsible for resource allocation and assessing the performance of business segments, is identified as the board.

Revenue recognition follows IFRS 15, which defines when control over goods or services is transferred to a customer. Control is transferred based on agreed delivery terms for each order. These terms are based on Incoterms 2020 issued by the International Chamber of Commerce, and the company uses FCA, where the customer arranges and pays for the main transportation. Control transfers when goods are collected by a carrier engaged by the customer.

Goods are typically sold with standard warranties, ensuring compliance with agreed specifications. The company has no other significant obligations for returns or refunds. Freight services are included in sales revenues.

The Company’s sales revenues consist of enzymes used in molecular research, in vitro diagnostics, and biomanufactoring. Most goods are delivered to the USA and Europe. All goods are invoiced when the group transfers control over the goods to a customer, usually upon leaving the warehouse. Invoice terms vary from 30 to 90 days, depending on the customer. The majority of revenues come from offers or non-binding delivery agreements with pre-agreed prices. Other operating revenues include Skattefunn (tax incentives) and grants from the Research Council.

(Amounts in NOK 1 000)	2023	2022
By business area		
Enzymes	118 939	136 971
Total sales revenue	**118 939**	**136 971**
Geographic breakdown		
Norway	224	627
Europe	61 044	60 364

USA	53 149	60 355
Rest of world	4 522	15 625
Total sales revenue	**118 939**	**136 971**

Sales revenues from the largest customer in 2023 is NOK 34.5 million (2022: NOK 28.0 million)

The Company experienced a sharp drop in Coronavirus related sales after the first quarter of 2022, and had only marginal sales the last three quarters of 2022. There were no Coronavirus related sales in 2023.

Note 3 Other income

Principles for accounting:
Other income are different kind of grants.
Government grants are recognised at fair value when it is reasonable sure that the grant will be received and that the Company will fulfil the conditions attached to the grant. The grants are recognised as other income in the period in order to match expenses they are intended to compensate. Government grants relating to the purchase of fixed assets are recorded as a reduction in the carrying cost. They are expressed in the profit and loss statement through lower annual depreciation over the expected life of the relevant fixed assets.

(Amounts in NOK 1 000)	2023	2022
From UIT-The Arctic University of Norway:		
Cold ligases		817
Tax grants	741	140
Other income	-30	-290
Total income	**711**	**667**

Note 4 Inventory and cost of materials

Principles for accounting:
Inventories are valued at average acquisition cost. Value of finished goods and work in progress comprises the expense of raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity).

(Amounts in NOK 1 000)	2023	2022
Stocks of raw materials and purchased semi-finished goods	101	131
Stocks of goods in manufacture	7 316	2 067
Stocks of self-produced finished goods	5 455	4 880
Total inventory	**12 873**	**7 078**
Cost of goods		
Purchase of raw materials	2 323	2 518
Purchase of finished goods	9 398	2 859
Change in inventory	-5 795	-196
Total cost of goods	**5 926**	**5 180**

Cost of materials:
Total cost of materials include direct materials, services provided by contract manufactures and packaging suppliers, products freights and distribution costs. Royalties for in licensing of technology and rights from other parties are excluded from cost of goods and included in other operating expenses.

Note 5 Personnel expenses

Principles for accounting:
Payroll and related expenses are recognised in the statement of profit and loss in the period which the related costs are incurred or services are provided.

The Company has a defined contribution plan for all employees in Norway compliant to requirements for compulsory occupational pension in Norway under which the Company pays a fixed percentage contribution of members' salaries. The Company has no further payment obligations once the contributions are made. The employer's contribution plan are 7% for salaries between 0 G and 7.1 G, and 10% for salaries between 7.1 G and 12 G. Per 31 December 2023, the Company paid for 60 members inf the scheme.

The Group recognises liabilities and expenses for bonuses based on a review of key performance indicators. The Group recognises a provision for bonuses based on contractually and probable liabilities.

(Amounts in NOK 1 000)	2023	2022
Salaries	44 636	36 383
Administration Group		8 027
Employer`s social contribution	5 272	2 510
Pension costs	3 026	1 703
Share options granted to employees	3 177	1 713
Other benefits	811	448
Total personnel expense	**56 922**	**50 783**
Number of man-year Norway 31.12	57,4	38,3
Number of man-year abroad 31.12	5,4	5,2

Remuneration senior management:

(Amounts in NOK 1 000)	2023				2022			
	Salaries paid	Bonus paid	Pension cost	Other benefits	Salaries paid	Bonus paid	Pension Cost	Other benefits
Michal Akoh, CEO	543		39	100				
Børge Sørvoll, CFO	1 413	85	124	6 410	1 538	323	123	11
Olav Lanes, VP R&D and Application	1 191	38	94	13	1 129	117	106	12
Marit S. Lorentzen, VP Operations	1 187	38	94	13	1 074	136	120	13
Grethe Ytterstad, VP Quality	930	30	95	12	828		62	7
Dirk Hahneiser, VP BD and marketing	1 933		34		735		16	26
Jeremy Gillespie, VP Corp. Dev. and Prod.mgt	793		24					
Jethro Holter, former CEO	1 814	188	104	9	2 073	671	131	26
Darren Ellis, former CSO	1 382		147	9	117			50

No remuneration has been paid to the board.

Shares in the mother company ArcticZymes Technologies controlled by senior management or close associates:

Per 31.12.2023	Shares
Marit Sjo Lorentzen, VP Operations	20 331
Olav Lanes, VP R&D and Applications	2 000
Børge Sørvoll, CFO	95 428
Dirk Hahneiser, VP Business dev & marketing	150

Grete Ytterstad, VP Quality	7 269

Share options
The Company has a share-based option scheme related to shares in the mother company. The fair value of the services received from the employees in return for the options granted is recognised as an expense in the consolidated profit & loss statement. Total expense for the options is accrued over the contract period based on the fair value of the options granted, excluding impact of any vesting conditions. Criteria not reflected in the market, affect the assumptions about the number of options expected to be vested. At the end of each reporting period, the Company revises its estimates of the number of options expected to be vested. It recognises the importance of the revision of original estimates in the consolidated profit & loss statement with a corresponding adjustment in equity. For 2023, the Company expensed NOK 1.7 million in connection with share options and a reversal of NOK 1.7 million in previously booked national insurance contribution on options.

The net value of proceeds received less directly attributable transaction expenses are credited to the share capital (nominal value) and the share premium when the options are exercised.
The fair value is expensed over the vesting period. The Company has no obligations, legal nor implied, to repurchase or settle the options in cash unless general assembly in the mother company declines to renew its authorisation to issue new shares.

Per 31.12.2023, there are four employees who has options in the mother company.

Share options in the mother company ArcticZymes Technologies controlled by senior management or close associates:

	2023		2022
	Average exercise price	Number of share options	Number of share options
Michael Akoh, CEO	26,94	200 000	
Børge Sørvoll, CFO	42,38	50 000	
Børge Sørvoll, CFO	8,00		200 000
Børge Sørvoll, CFO	89,52	130 000	130 000
Marit Sjo Lorentzen, VP Operations	89,52	100 000	100 000
Marit Sjo Lorentzen, VP Operations	10,19	15 000	15 000
Olav Lanes, VP R&D and Applications	89,52	100 000	100 000
Outstanding per 31.12		**595 000**	**545 000**

Expiry date, exercise price, and outstanding options at year end:

	2023		2022
Expiry date	Average exercise price	Number of share options	Number of share options
2022, 31 December*	8,00		200 000
2025, 14 May	10,19	15 000	15 000
2026, 30 November	89,52	330 000	500 000
2028, 28 February	42,38	50 000	
2028, 30 November	26,94	200 000	
Outstanding at 31.12		**595 000**	**715 000**
Exercisable options at 31.12		**15 000**	**200 000**

The fair value of employee options (2028 Feb award) are calculated according to the Black-Scholes method. The most important parameters
are share price at grant date (NOK 27.70 per share), risk free rate (3.69%), expected term of 5 years, expected dividend yield (0%),
excercise price (NOK 38.23 per share) and volatility last 5 years (63.21%). The options were valued at NOK 13.49 per share option at award.

The fair value of employee options (2028 Nov award) are calculated according to the Black-Scholes method. The most important parameters are share price at grant date (NOK 32.00 per share), risk free rate (3.82%), expected term of 5 years, expected dividend yield (0%), excercise price (NOK 26.94 per share) and volatility last 5 years (62.88%). The options were valued at NOK 19.42 per share option at award.

AUDITOR

Remuneration to the auditor is distributed as follows:

(Amount in NOK 1 000)	2023	2022
Statutory audit	188	221
Other attestation services	17	47
Other non-audit services		3
Total auditor expenses	**205**	**271**

Amounts are before VAT.

Note 6 Intangible assets

Principles for accounting:

Research and development, patents and licenses are intangible assets treated in accordance with IAS 38. The assets are depreciated by the linear method, depreciating the acquisition expense to the residual value over the estimated useful life, which are for each group of assets:

Own product development	10 years
License and patents	5-10 years

Capitalised development costs are tested by indication for impairment in accordance with IAS 36.

The Company has historically capitalised development expenses for rSAP, HL-dsDNase, SAN Elisa-kit, Sa HQ and Polymerases. Other development costs are expensed when incurred.

(Amounts in NOK 1 000)	R&D	Patents	Total
Acquisition cost 01.01.2022	3 711		3 711
Inflow of self-produced intangible assets	4 585	3 462	8 047
Acquisition cost 31.12.2022	**8 296**	**3 462**	**11 758**
Accumulated depreciation 31.12	2 523	1	2 524
Book value 31.12.2022	**5 775**	**3 461**	**9 236**
Acquisition cost 01.01.2023	8 296	3 462	11 758
Inflow of self-produced intangible assets	11 533	6 154	17 687
Capitalised grants (Skattefunn)	-141		-141
Acquisition cost 31.12.2023	**19 688**	**9 616**	**29 304**
This year's depreciation	683	3	686
Depreciations and write-downs 2023	**683**	**3**	**686**
Accumulated depreciations 31.12	3 206	4	3 210
Book value 31.12.2023	**16 485**	**9 612**	**26 096**

Note 7 Tangible assets

Accounting principle:
Tangible assets are entered on the balance sheet and depreciated over the assets' expected economic life. Direct maintenance of operating assets are expensed on an ongoing basis under operating costs, while costs or improvements are added to the operating asset's cost price and is depreciated in line with the operating asset.

Permanent fixtures	10 years
Machinery/Equipment	3-10 years

(Amounts in NOK 1 000)	Permanent fixtures	Machinery	Equipment and other movables	Total
Acquisition cost 01.01.2022	1 738	14 334	2 581	18 653
Inflow of purchased tangible assets	107	1 927	2 637	4 671
Acquisition cost 31.12.2022	**1 845**	**16 261**	**5 218**	**23 324**
Accumulated depreciation 31.12	182	5 724	2 151	8 057
Book value 31.12.2022	**1 663**	**10 539**	**3 067**	**15 269**
Acquisition cost 01.01.2023	1 845	16 261	5 218	23 324
Inflow of purchased tangible assets		1 314	327	1 641
Acquisition cost 31.12.2023	**1 845**	**17 575**	**5 545**	**24 965**
This year's depreciation	184	1 391	479	2 055
Depreciations and write-downs 2023	**184**	**1 391**	**479**	**2 055**
Accumulated depreciation 31.12	366	7 115	2 630	10 111
Book value 31.12.2023	**1 478**	**10 462**	**2 914**	**14 855**

Note 8 Financial assets and lease liabilities

Principles for accounting
The Company rents premises from the parent Company ArcticZymes Technologies (AZT) in the SIVA Innovation Centre, Tromsø. The company has four contracts for offices and lab facilities. In addition, the Company is invoiced with a surcharge of 5%. The contracts for office premises expires in 2026 and the contract for lab facilities expires in 2031. All contracts are extended 2 times.
The Company has a lease agreement with Oslo Tech AS for renting premises in Oslo. The contract was re-negotiated in 2023. The rent is regulated annually based on the last 12 months' CPI change. An interest rate of 4.06% has been used in the agreement.

(Amounts in NOK 1 000)	Lease assets
Historic cost	18 030
Accumulated depreciation	-4 387
Book value at 31.12.2022	**13 643**
Adjustment net present value 01. 01	160
Revised lease and additional premises Oslo Tech, Oslo	1 105
Revised lease and additional premises Siva Tromsø	1 005
Depreciation	-3 599
Book value at 31.12.2023	**12 314**

Historic cost	20 300
Accumulated depreciation	-7 986
Book value at 31.12.2023	**12 314**

(Amounts in NOK 1 000)	2023	2022
Book value at 31.12 (preceding year)	13 763	13 398
Net present value adjustment 01.01	160	
Revises lease and additional premises Siva, Tromsø	987	2 526
Revised lease and additional premises Oslo Tech	1 132	661
Interest expense	691	477
Lease payments additional premises SIVA	-4 074	-3 298
Book value at 31.12	**12 659**	**13 765**
Where of Current liabilities	4 358	3 555
Where of Non-current liabilities	8 301	10 209

Maturity analysis - contractual undiscounted cash flow	2023	2022
Less than one year	4 358	3 555
One to five years	8 368	9 266
More than five years	2 289	3 360
Total undiscounted lease liabilities at 31.12	**15 016**	**16 180**

Summary of other leased assets presented in the consolidated profit & loss statement	2023	2022
Overhead expenses related to premises	648	285
Total leased assets included in other expenses at 31.12	**648**	**285**

Short-term leases
Overhead expenses related to premises in the contracts are expensed when they occur.

Note 9 Other operating expense

Principles for accounting;
Expenses are recognised in the statement of profit and loss in the period which the related costs are incurred or services are provided. Net currency related to sales and settlements of other operating expenses are recognised under other operating expenses.

(Amounts in NOK 1 000)	2023	2022
Maintenance premises	5 415	4 928
Office equipment and IT	1 807	864
External service	4 043	5 734
Marketing expenses	1 292	1 002
Patent and licensing expenses	2 522	1 860
Other operating expenses	7 098	4 924
Internal administration expenses	5 128	3 386
Total other operating expenses	**27 305**	**22 698**

Internal operating costs are part of the regular operations and are invoiced from the parent company to the subsidiary with a 5% markup. These costs include expenses related to IT, rent, and office expenses.

Note 10 Financial interest and -expenses

Principles for accounting:
The company's interest income and interest expense are mainly interest from bank deposits and lease obligations.

(Amounts in NOK 1 000)	2023	2022
Interest income	1 517	1 034
Net currency gain/loss (-)	-208	1 857
Gain lease liability		685
Sum financial income	**1 310**	**3 576**
Interest lease liability	-691	-477
Other financial expense	-33	-19
Sum financial expenses	**-724**	**-495**
Sum net finance	**586**	**3 081**

Note 11 Tax

Principles for accounting:
The tax charge in the profit and loss statement consists of tax payable for the period and the change in deferred tax. Deferred tax is calculated at the tax rate at 22 % on the basis of tax-reducing and tax-increasing temporary differences that exist between accounting and tax values, and the tax loss carried forward at the end of the accounting year. Tax-increasing and tax-reducing temporary differences that reverse or may reverse in the same period are set off and entered net. The net deferred tax receivable is entered on the balance sheet to the extent that it is likely that it can be utilised.

(Amounts in NOK 1 000)	2023	2022
Entered tax on ordinary profit/loss:		
Changes in deferred tax assets	146	451
Tax expense on ordinary profit/loss	**146**	**451**
Taxable income:		
Result before tax	23 743	57 369
Permanent differences	-570	-418
Changes in temporary differences	-563	-1 645
Provided intra-group contribution	-22 610	-55 306
Taxable income	-	-
Payable tax in the balance:		
Payable tax on this year's result	4 974	12 167
Payable tax on provided Group contribution	-4 974	-12 167
Total payable tax in the balance	-	-
Calculation of effective tax rate		
Profit before tax	23 743	57 369
Calculated tax on profit before tax	5 224	12 621
Tax effect of permanent differences	-125	-92

Adjustment capitalisation tax grants	124	89
Total	**5 222**	**12 618**
Effective tax rate	22 %	22 %

The tax effect of temporary differences that has formed the basis for deferred tax and deferred tax advantages, specified on type of temporary differences

(Amounts in NOK 1 000)	2023	2022	Difference
Tangible assets	2 115	1 384	-731
Lease agreements brought to the balance	-345	-120	225
Allocations and more	-62	-119	-57
Total temporary differences	**1 708**	**1 145**	**-563**
Not included in the deferred tax calculation	506	406	-101
Basis for deferred tax	**2 215**	**1 551**	**-664**
Deferred tax (22 %)	**487**	**341**	**-146**

Note 12 Accounts receivables and other assets

Accounting principle:
Accounts receivable and other assets are listed in the statement of financial position at face value. Receivables in foreign currency are assessed at the statement of financial position date's exchange rate.

(Amounts in NOK 1000)	2023	2022
Accounts receivables	13 784	11 593
Provisions for estimated losses on accounts receivables	0	0
Book value of accounts receivables 31.12	**13 784**	**11 593**
Research grant		817
Group receivables	3 275	
Tax grants	853	631
VAT	485	699
Prepayments	1 152	3 503
Sum other assets	**5 765**	**5 651**
Sum account receivables and other assets	**19 549**	**17 244**

Age breakdown of Accounts receivable per 31.12.2023:

Not yet due	1 – 30 days	31 – 60 days	61 – 90 days	Over 90 days	Total
12 768	704	213	17	82	13 784

A majority of accounts receivables overdue on 31 December have been settled subsequently.

Age breakdown of Accounts receivable per 31.12.2022:

Not yet due	1 – 30 days	31 – 60 days	61 – 90 days	Over 90 days	Total
9 757	1 683	31	71	51	11 593

Note 13 Group receivables and group liabilities

(Amounts in NOK 1 000)	2023	2022
Receivables		
Customer receivables within the group	867	
Other short-term receivables within the group	2 408	
Total receivables	**3 275**	
Liabilities		
Debt to suppliers within the group	3 073	6 579
Other short-term liabilities within the group	3 857	
Group contributions	22 610	55 306
Total liabilities	**29 540**	**61 885**

See note 5

Note 14 Cash and cash equivalents

(Amounts in NOK 1 000)	31.12.2023	31.12.2022
Cash and cash equivalents	23 980	74 993
Tax withdrawal accounts	1 896	1 417
Total cash and cash equivalents	**25 876**	**76 410**

Note 15 Shareholders

Share capital per 31.12.2023	Outstanding sharesl	Face value	Total share capital
Ordinary shares	109 380	100	10 938 000

Shareholders per 31.12.2023	Shares	Owner interest	Share of votes
ArcticZymes Technologies ASA	109 380	100%	100%

Note 16 Other current liabilities

(Amounts in NOK 1 000)	2023	2022
Accounts payable	3 798	3 729
Accrued salaries and holiday payment	4 519	3 103
Public duties payable	3 391	2 155
Bonus	1 781	1 669
Liabilities to group companies	3 073	3 334
Royalties	1 046	619
Other accrued costs	876	1 702
Total other current liabilities	**18 484**	**16 312**